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HOW TO IMPROVE YOUR COMMUNITY BY

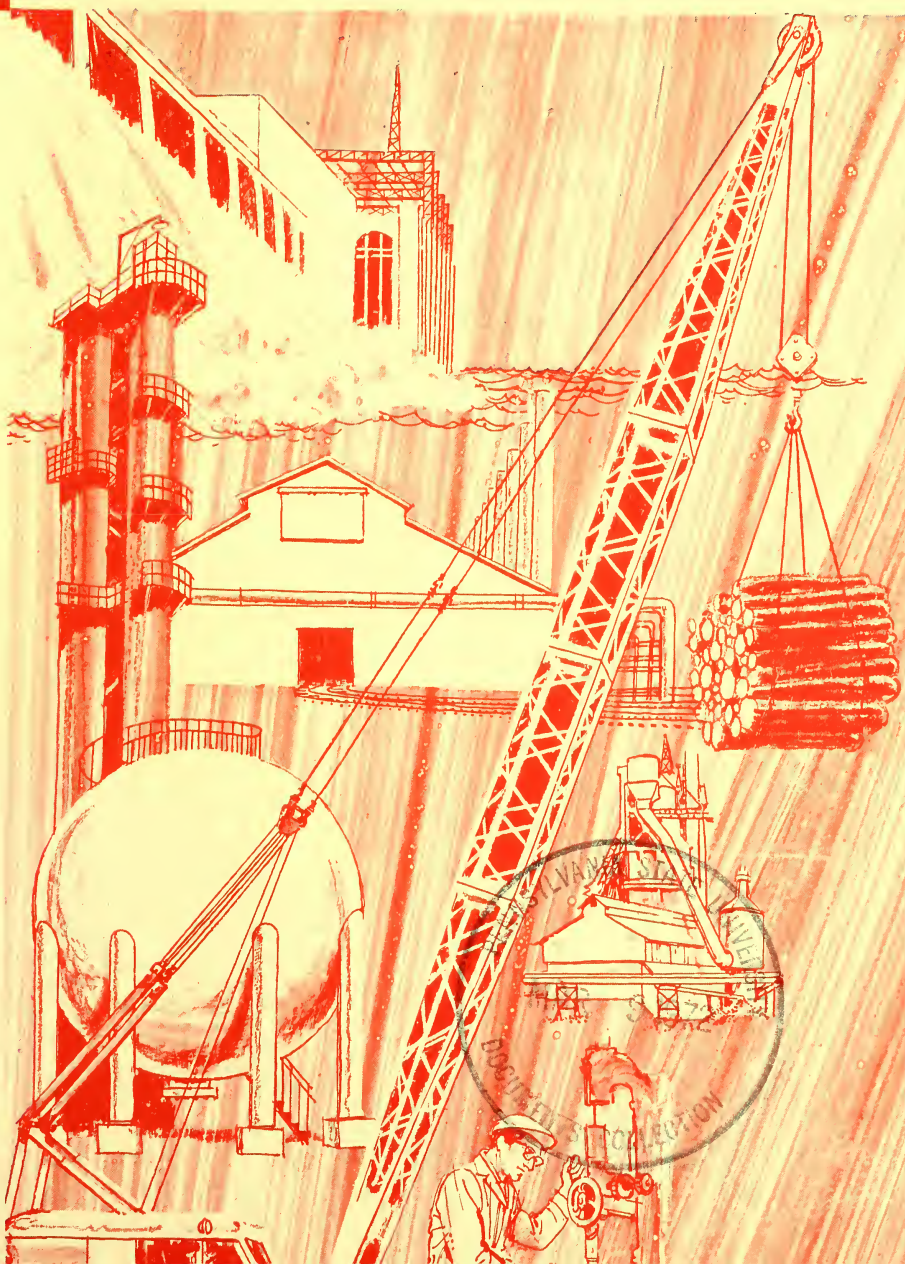
A UNITED STATES
DEPARTMENT OF
COMMERCE
PUBLICATION



Attracting New Industry

U.S.
DEPARTMENT
OF COMMERCE

Economic
Development
Administration



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**HOW TO
IMPROVE YOUR
COMMUNITY BY**

Attracting New Industry

**U.S. DEPARTMENT OF COMMERCE
Maurice H. Stans, Secretary**

Robert A. Podesta, Assistant Secretary
for Economic Development

January 1972

Foreword

The Economic Development Administration of the U.S. Department of Commerce was established under the Public Works and Economic Development Act of 1965 to help provide the conditions under which private enterprise can grow and create jobs in economically lagging areas of the Nation.

Our programs are based on:

—Full participation by the residents of a community or area which seeks EDA assistance.

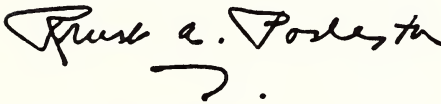
—Cooperation between the public and private sectors.

—Close coordination among local, county, State, and Federal officials.

EDA helps communities with too few jobs or too little income achieve growth through public works grants and loans, business development loans, and planning and technical assistance.

Our experience indicates that sometimes a community can support new industry, but seems unable to get serious consideration as a prime location. This often happens because a community does not state its case well—spending limited funds in a promotion campaign that misses the mark.

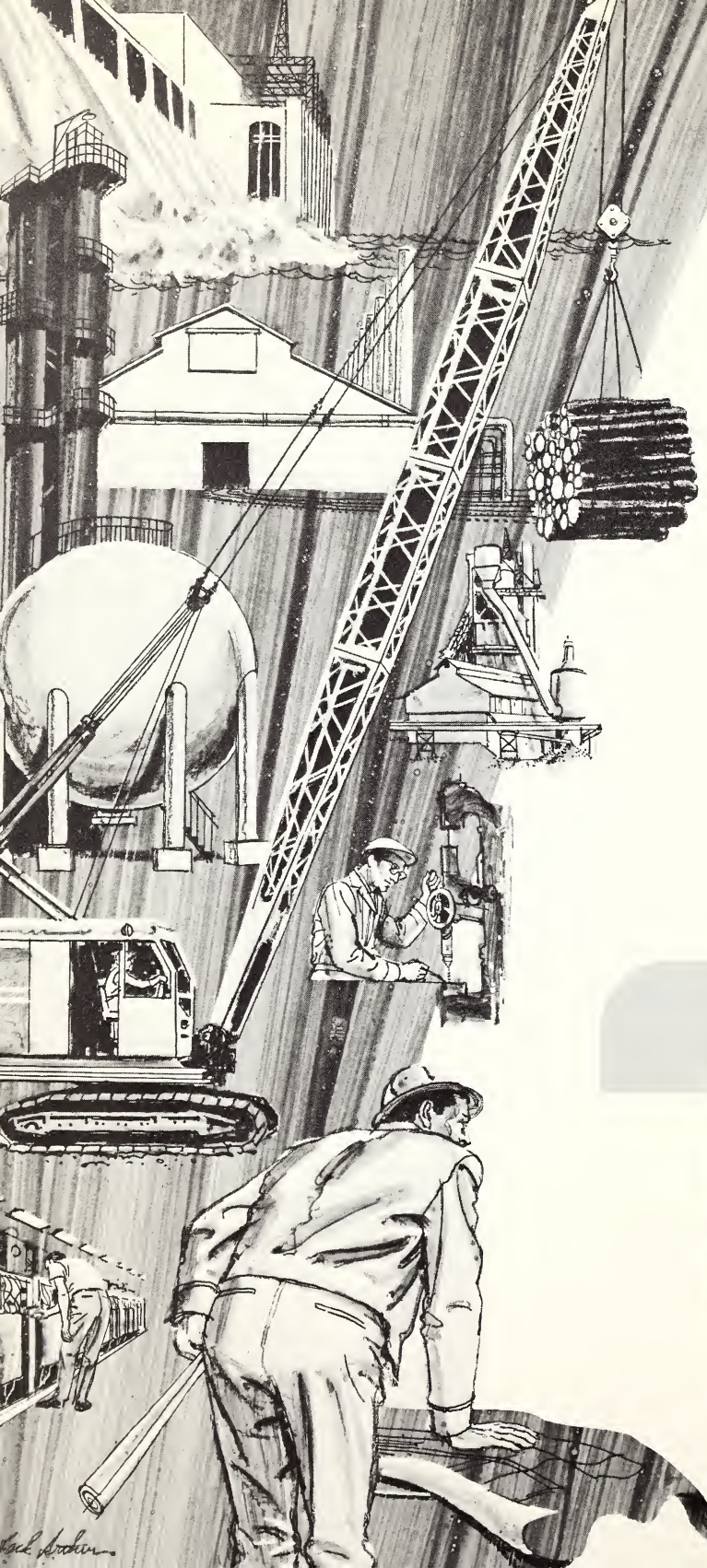
This publication shows how a community can effectively wage a campaign to attract industrial prospects.

A handwritten signature in black ink, reading "Robert A. Podesta". The signature is fluid and cursive, with a large initial "R" and a stylized "P".

Robert A. Podesta
Assistant Secretary
for Economic Development

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Paul Schuchman

Promote, Yes— But How?

When a major producer of both consumer and industrial products announced it was seeking a site for a new factory, the response was overwhelming.

“We’ve been swamped!” a company spokesman reported less than 3 weeks after the original announcement appeared. Over 4,000 individual “proposal letters” flooded in, representing over 500 different industrial sites and communities. These ranged from a single-page note from a farmer saying, “I have 50 acres of extra land that would be just right for you people,” to a 100-page technical presentation.

But letters and brochures were only the beginning. More than 50 telegrams covered the desks of top executives, and the telephone switchboard was clogged with urgent calls from dozens of mayors, Congressmen, chamber of commerce officials, county planners, industrial realtors, bankers, railroad and utility officials, and just plain people with land or services to sell.

The anecdote is in no sense atypical. Today, many thousands of private and public organizations are involved one way or another in the business of attracting new industry. However, only a few hundred firms are likely to build new plants in any given year. Thus the question for most communities is not why or whether to promote new industry, but how.



Jack S. Johnson

Springboard to Promotion

New England's famed "Yankee Peddler" is considered by many to be the early American prototype of the modern salesman. He traveled the countryside loaded down with household items seeking customers for his wares.

There is a saying credited to this old-time entrepreneur: "You can't sell goods from an empty wagon." In other words, a businessman needs more than a good sales talk—he needs a product to back it up.

Far too many industrial development organizations forget this. They are tempted to print glossy-paper brochures, buy big-space advertisements in newspapers and magazines with large circulations, make full-color movies, or launch industrial tours before they have tackled the basic job of identifying and evaluating what their areas can offer expanding industry and commerce.

Once a community has inventoried and analyzed its needs, resources, and prospects, it is ready to present its case to site-seeking industries and businesses. It will have established these points:

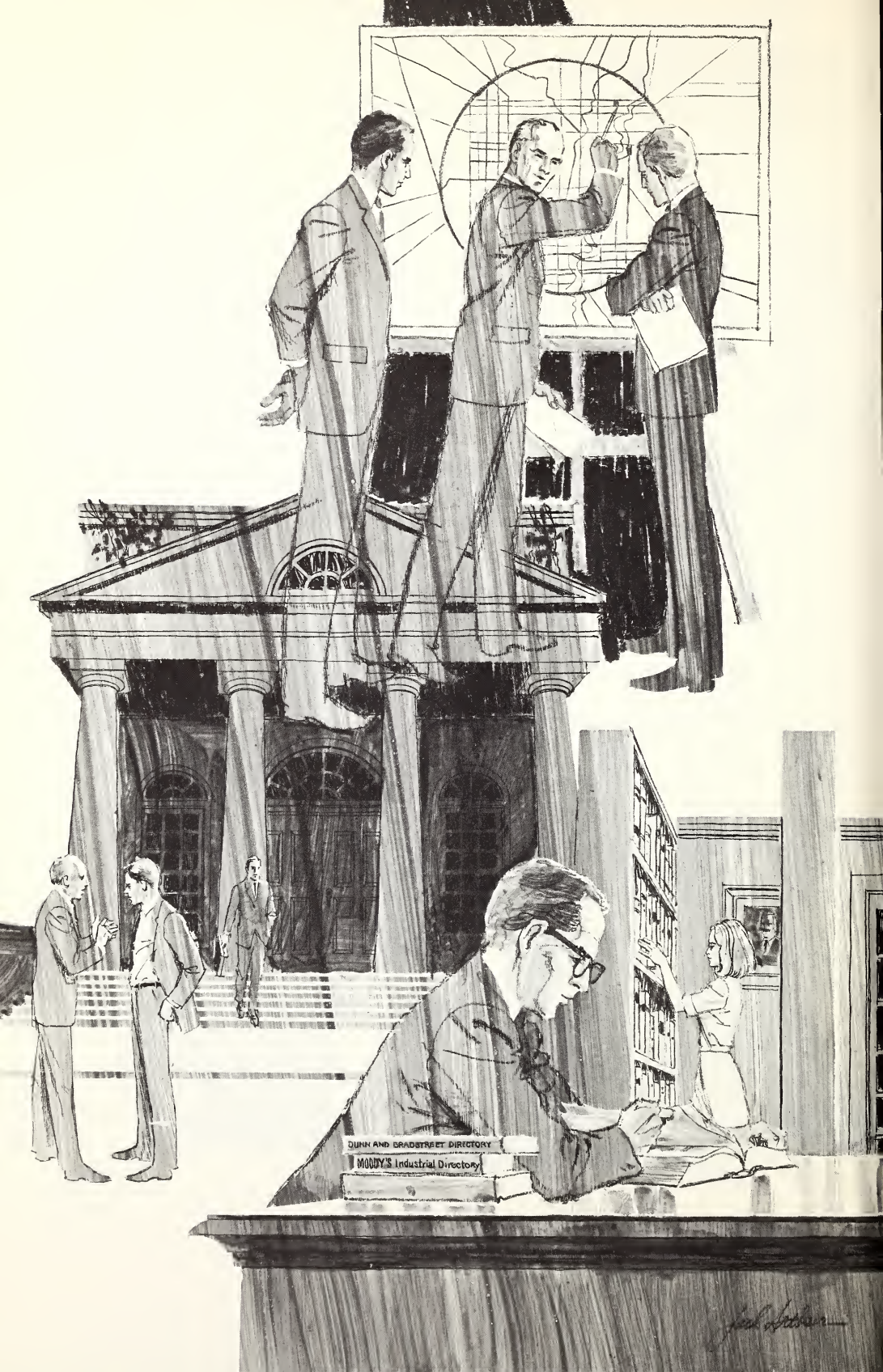
- An active, alert development organization represents the community.
- The community organization has in hand the current economic facts about the resources, markets, and services available to prospective investors.
- Development leaders are prepared to talk on "specifics."

- Problems and obstacles to growth are recognized, but every effort is being made to surmount these roadblocks to growth through remedial action programs.

- The development organization knows what assistance for its local programs is available from private groups, public institutions, and government agencies, and it is prepared to utilize this assistance in making the community more attractive to job-creating enterprises.

Communities differ in their capacity to study their resources and needs, and to promote their locations for new industry or business. Budgets vary in size, but it's a rare development group that need not carefully watch over its research and promotion funds.

Only a community that knows itself, that has learned to work and plan in an orderly manner for economic growth, has a story to tell—and is ready to tell that story.



Hunting Industrial Leads

The development group's aim should be on target for the precise kind of industry the community wants and can accommodate. When one community heard a drug firm planned to build a branch plant, its development group spent many hours in consultation and generous helpings of limited local funds and succeeded in interesting the manufacturer in their area. Only then did they find his needs would require doubling the water supply, an expenditure the local tax base could not support. Wiser, the town renewed its search, this time for an industry better matched to its resources.

When a plant in a one-industry town closed, most of the local men were out of jobs. Officials frantically began negotiations with another firm to occupy the vacated plant and then discovered the new candidate would employ mostly women. The negotiations were canceled in time without harm to either party, but the community took an overdue hard look at its needs before approaching other industry.

More than one community has paid extravagant advertising space rates on the "trickle-down" theory that reaching everybody in the United States will attract the investors they need. Experienced developers suggest that possibly less than 1 percent of local officials have the budget, staff, or know-how to use mass media effectively.

CHOOSING—The community development group should try to attract those manufacturers who can employ local skills, take advantage of local markets, and use local materials, including byproducts or wastes of existing industries. Sometimes a new industry can be developed to use “off-season” those workers now employed only part of the year.

In its hunt for new industry, the community should consider the potential of firms already operating locally.

An Iowa community of 30,000 congratulated itself on the success of development efforts during a year when no new firms moved into the area. But five major firms had expanded and added 450 employees and millions of dollars in payroll and purchasing power.

Local firms which know the area are easier and less expensive to convince that a location has value for them. A study by the Federal Reserve Bank of Boston showed that executives producing goods in New England had a much more favorable impression of the area than did others.

A development group's first priority might well be to draw a circle with a 100-mile radius around the community and develop every new expansion possibility inside it.

FINDING—In order to find the most suitable industries, local people can use analyses available from Economic Development Administration Field Offices, State and local economic development agencies, industrial development departments of utilities and railroads serving the area, industrial location firms, chambers of commerce, and neighboring colleges, universities, and research institutions.

From a sound understanding of the local economy and its resources, the community can screen local, regional, and even national prospects and determine those industries to which a strong case for expansion in its area can best be made.

A first screening of prospects can be made in terms of a community's ability to provide major markets, services, and resources. For example, industries producing certain farm implements, food containers, fertilizers, and insecticides might locate in a major food-producing region. Cement industries or wood processors want to be near raw materials like limestone and lumber. Pulp and paper, glass, steel, industrial chemical, and petrochemical plants need rivers or tidewater providing substantial and dependable year-round flow of water for cooling and processing. Research and development groups need access to research facilities and educational opportunities of major universities.

There are, to be sure, footloose industries. Metal fabricating, apparel manufacture, electronic and other assembly or subassembly work can locate in almost any community that can provide good transportation, land, and construction services at relatively low cost, and a competent work force at competitive wage rates.

Once a community knows what it would like to have in new industry, it must begin to play a detective game to discover which are actively planning new or expansion programs. Firms seldom publicize their intentions widely in advance. To do so would be to invite speculation.

Members of the development organization will need to add to their own knowledge of prospects and their plans. Careful reading of business newspapers and magazines can supplement information available from public and private sources. New stock offerings or awards of contracts are always indicative of a prosperous firm ripe for growth and expansion.

Traveling sales representatives, purchasing agents, advertising directors, trade association executives, bankers, union members, and local businessmen often learn on their travels of plant expansion under consideration. Development organizations should call on such sources of word-of-mouth information.

While a community is searching for industry, so, too, manufacturers and other business firms that are ready for new growth or expansion are looking for desirable locations. The same agencies that supply a community with information about site-seeking firms can supply a firm with leads on growth-seeking communities. It is possible to be discovered by a firm. The same agencies that supply information to a community can be sources of information about a community. These agencies—for example, railroads, banks, utilities—should have the community profile available for the site-seeking prospect.

LISTING—Specialized mailing lists of industries in various categories can be bought from commercial consultants. Any metropolitan classified telephone directory catalogs commercial consultants.

However, some development groups save thousands of dollars on the purchase of lists by taking one or more of the following steps:

1. Reading for tips—information on new products, stock offerings, building programs, and executive appointments that might indicate corporate expansion.
2. Collecting company annual reports, which may tell of plans.
3. Tapping local sources of information. One State electric company let member communities draw from its list of 17,000 prospects, saving them valuable time and hard cash.
4. Buying at least one general directory and one specialized industrial manual in a field suited to development in the area.

Among general directories of industries are Fortune's **Plant and Product Directory**, MacRae's **Blue Book**, Dun and Bradstreet's **Million Dollar Directory**, Moody's **Industrial Manual**, Poor's **Register of Corporations, Directors and Executives**, and the **Thomas Register of American Manufacturers**.

Specialized directories, which list manufacturers of building materials, electrical goods, industrial machinery, plastics, textiles, and numerous other categories, are best located for reference purposes in large public libraries or trade association libraries. Virtually every State economic development agency has now prepared a directory of its industrial firms and should be queried on how to obtain the latest edition.

5. Checking growth rates of industries being sought for the community. Such material is available through EDA Field Offices.

6. Writing or calling on the right men after determining which executives in a firm make or influence site decisions.

7. Keeping lists of industrial prospects current.

8. Checking with companies that receive large defense or other Federal contracts.

9. Calling on nearby regional headquarters of national firms.

10. Determining which new firms prospering in the State are suitable for their area, and soliciting other firms of the same type that are not yet located in the area.

Such steps as these produce invaluable tailor-made lists of prospects. Although putting company and executive names on little white cards may not be a glamorous occupation, it can be so effectively done that it underpins all of a community's industrial promotion and selling activities.

EDA—PROBLEMS AND

REMEDIES—Among those communities that have special problems—and require special remedies—are those that are qualified to participate in the programs of the Economic Development Administration (EDA) of the U.S. Department of Commerce. These communities for one reason or another—technological change, depleted natural resources, changing consumer tastes and demands—have not kept in step with economic growth elsewhere in the Nation. As a result, they are burdened by high unemployment, low family income, or both.

One requirement for an area's eligibility for EDA assistance under the Public Works and Economic Development Act of 1965 is preparation of an Overall Economic Development Program (OEDP). The OEDP is essentially an audit of community assets and liabilities, including plans for relieving persistent, severe unemployment or underemployment—the very information any community needs if it is to promote its advantages for business opportunities wisely and effectively.



There Are Brochures

Brochures are perhaps the most attractive means of presenting a community's story, but they must be done well enough to carry weight in fierce competition. Unfortunately, they often are not produced even moderately well.

Promotional brochures usually take one of three general forms:

THE SLICK ITEM—Printed on glossy paper, frequently with full-color illustrations and fancy binding, this type relies on visual impact to deliver its message. If, as is often the case, the text is couched in generalities and superlatives, the message may be lost altogether. Even if such a publication contains the data an industrial site-seeker needs, its gaudiness is seldom likely to impress experienced business officials and merely eats into usually limited local promotional funds.

THE LAUNDRY LIST—Simple, often austere, this publication is packed with facts, statistics, charts, quotes, maps, and economic tables. The mass of data, unfortunately, includes too much. The site-seeker may respect the scope of the contents but never find time to decipher them. He files them instead.

THE NO-NONSENSE ITEM—Attractive but seldom showy, this publication is relevant, clear, and uses only those photographs, maps, charts, and statistics of obvious pertinence to an initial introduction to the community. It may discuss problems and obstacles to growth as well as positive advantages of locating in the area in its effort to present an honest and objective report that can truly be useful to the site-seeking executive.

The community planning a brochure to get its story across to prospective industries can use this yes-or-no checklist as a guide in preparing an effective publication.

	Yes	No
● Is the size one that will fit easily into a standard-size envelope or file folder?	_____	_____
● Is it light enough to mail first class without costing an arm and a leg?	_____	_____
● Is the title straightforward and factual? ("A Guide to Investment in Anywhere" is a good deal better than "Come to Anytown, A Balanced Economy of Purposeful People.")	_____	_____
● Does it concentrate on getting across the relevant facts instead of making boastful generalities?	_____	_____
● Does it outline distinctive advantages or incentives that the community has to offer?	_____	_____
● Does it use testimony of respected authorities (bankers, management consultants, editors of business publications) to back up its statements?	_____	_____
● Does it list by name some firms currently operating in the area? (Even if no new companies have been established recently, the brochure can refer to long-standing local concerns.)	_____	_____
● Are all of the statistics reasonably up-to-date?	_____	_____
● If photographs, charts, or other visual materials are used, do they look professional? (Better no artwork than bad artwork.)	_____	_____
● Is the brochure clearly aimed at selected industrial prospects rather than at business in general?	_____	_____
● Does it include the name, address, and telephone number of the organization putting out the brochure?	_____	_____

Even though a basic descriptive industrial brochure is often a must, communities are turning more and more to the use of giveaway, sendaway, or presentation materials as effective supplements. Here are some suggestions:

• **MAGAZINE OR NEWSPAPER**

REPRINTS—These have two great advantages: They are low in cost, and they have the strength of a third-person endorsement. Since they presuppose use by media of stories that contain economic facts about the community, the development group may need to sell story ideas to newspapers or periodicals and may have to help writers determine the facts.

• **INDUSTRIAL FORECASTS**—These take economic know-how to prepare, but are worth the effort because top executives live by their educated guesses about the future. Again, the development group may need to take initiative in compiling data, securing opinions, and putting them on paper.

• **NEWSLETTERS**—These can provide prospects with continuing factual information about a community, but they are often expensive and time-consuming to prepare.

• **SPECIFIC INDUSTRY REPORTS**—

These are obviously best of all, since they get down to cases and discuss the prospect's favorite subject, resources that could help his own business grow. One county in the South came up with a folder titled, "Invitation to Electronics," which made an immediate inspection visit seem both attractive and sensible.

Does It Pay To Advertise?

Our space advertising has brought several inquiries, and we have been able to close a deal with one of these prospects. Thus we have obtained our first new industry.

—Executive director of a New England development corporation

In 26 years of industrial development work, and after having located literally hundreds of all types of industry, I have yet to have an industry approach me as a result of an advertisement.

—Manager of industrial development for a major railroad

There are differences of opinion about the effectiveness of specific kinds of advertising. Spending for developmental advertising, however, continues to go up.

THE CASE FOR ADVERTISING—

Advertising has served long and well in helping to sell merchandise. Thus, it is reasonable to believe that advertising—properly designed and placed—can sell industrial locations just as it sells thousands of other products and services.

Well-known, large-scale industrial promotion groups have consistently devoted a large part of their budgets to buying space in business magazines and newspapers.

Furthermore, the enormous growth of industrial publications serving specific industries from aerospace to zinc allows the development advertiser to tell his story to a select executive audience.

Finally, advertising, unlike some other forms of promotion, enables the developer to control every word of his message and get it out at the precise time it will do the most good.

THE CASE AGAINST ADVERTISING—

Area redevelopment advertising gives the developers something tangible to show the community, but in some instances even the best-phrased copy results only in baskets of largely worthless inquiries. The local group can thus be discouraged and distracted in its job of selling the community in depth to specific prime prospects.

Selling a manufacturer on a new industrial site, unlike selling a tube of toothpaste or a suit, may require thousands of written words and days of oral discussion to present data that cannot be squeezed into an ad.

The mushrooming of area development advertisements, with their stereotyped layouts and cliché-ridden copy, has actually led many responsible site-seekers to look elsewhere for sources of information.

The truth about advertising's value to economic developers probably lies somewhere between these extreme viewpoints. Advertising may be one effective way to reach industrial prospects. The following ideas will

be helpful to the group debating the "to-advertise-or-not-to-advertise" question:

- **PURPOSE**—The only reason for industrial development advertising is to interest potential investors.
- **SIZE AND COST**—A double-page advertisement in a major weekly news magazine may involve an expenditure of several thousand dollars. By contrast, a four-line ad in an influential trade publication may cost only several dollars. There's a lot to be said for starting at the lower end of the scale—with a specific reader in mind.
- **MEDIA**—Developers should advertise available industrial sites, factory buildings, and warehouse facilities in financial newspapers, industrial trade journals, and the business sections of metropolitan newspapers. Local and nearby newspapers will reach most of the prime prospects. Trade publications will focus on specific industries the community wants to attract. Advertising agencies are the best source of information on rates for each type of publication.
- **CONTENT**—To be effective, an advertisement should "say something." Yet glittering generalities, overstated superlatives, and vain boasts continue to outnumber the solid statements of fact presented interestingly and objectively in good

advertising copy. The following samples from actual development ads are illustrative:

SAY NOTHING

"We mean business!"

"Here's your ideal plant site."

"Fore-site Means the Best Site."

"Here you are right in the center of things."

SAY SOMETHING

"A new plant without new capital."

"Need water? Availability is five times present usage."

"100-Percent Financing Plan"

"IBM bought our first, GE leased our second, and our third speculative plant may be exactly what you're looking for."

- **LIMITATIONS**—Although advertisements rarely lead directly to new plant establishments, they do show at least some of the right people that the community is in the market for new plants, and sometimes they give just the push needed, in the right direction.



The Power of the Press

News and feature stories in general circulation and specialized publications can be valuable to a development organization.

Newspaper and magazine use of stories about a community in itself constitutes a kind of impartial recognition to which readers—including industrial prospects—often respond.

It is worth noting that advertising costs money, but news space is free. This line of thinking has led many area developers to discover the mimeograph machine and to exploit carelessly its amazing utility for producing publicity releases. They mail out stories in quantity to publications across the country on the assumption that somebody, somewhere, is sure to print one.

It doesn't necessarily work out that way. Editors simply buy larger wastebaskets. Some national business periodicals report that they throw away 200 to 300 industrial development releases for every one they publish. Because editors are human, the development group that uses the deluge approach may develop a reputation for useless releases, thus cheating itself out of news coverage when there really is something important to say.

Yet publicity can work for the community that takes pains to prepare and distribute formal releases based on legitimate news or on other items that can be developed as news stories. These may include research reports, speeches, photographs, eye-opening statistics and announcements of such events as groundbreaking for new plants, vocational training schools, or recreational facilities.

Favorable editorial coverage can be more valuable than any advertising can buy. The key to the influential first page or business column, however, is like the key to effective advertising—quality in preference to quantity.

Press contacts, like advertising contacts, should start at the local level. If the local newspaper publisher, editor, or reporter isn't closely associated with the development organization, he should receive a periodic report on how the program is proceeding.

Continuing press reports keep local citizens informed and interested. They also create a favorable climate to attract site-seekers or business executives in other areas who stay alert to any newspaper reference helpful in evaluating community attitudes toward new enterprise.

Writers and reporters in other communities, particularly in the metropolitan centers where firms with expansion potential are located, also should be given information indicating the community's search for new business investors.

After this basic spadework has been done, the development group should branch out into the national trade press covering those specific industries regarded as "best bets" for the community's economic development plans.

Here are some tips on the kinds of information that will interest reporters and editors:

• **NEW PLANT ESTABLISHMENTS—**

Corporate names make news and, as editors know, industrialists are interested in what their competitors are doing. If a plant opening can be made a newsworthy event, with high-ranking officials—perhaps the Governor among them—attending, there will be a strong possibility of getting a good picture-story out of it.

• **NEW INDUSTRIAL FACILITIES—**

There are good story potentials in results of development efforts: The establishment of new industrial parks, site improvements, expansion of water or sewerage systems, modernization of roads, and downtown cleanup and remodeling activities. Improvements in tax levies from the businessman's vantage point also rate a writeup.

• **INDUSTRIAL LANDMARKS—**Some years ago, Puerto Rico marked the opening of its 500th new factory and was recognized in hundreds of newspapers and business magazines. Such milestone events as well as significant statistics related to development anniversaries or the attainment of fiscal goals can also

make good news copy. For example, the 100th anniversary of a town, the 10th anniversary of its industrial development program, a 50-year report on a new industry, or an announcement that industrial pay-rolls passed the million-dollar mark provide fine opportunities for effective promotion.

• **TESTIMONIALS**—A community's efforts can be enhanced by its visitors. When VIP businessmen, bankers, government leaders, or trade association figures come to a community, a pertinent, solid quote can make good press copy. For example, a visiting top executive of an electronics firm commented on the possibilities of research facilities in a semi-rural community, and the story made not only newspapers throughout the State, but also many trade and technical publications. The quote was meaningful. A key-to-the-city presentation or other such ritual would have received far less, if any, mileage in the press.

Once the local group develops a knack for recognizing good news, feature material, and photo possibilities, the potentials become almost limitless. During a single month, one

major industrial development organization sent out news stories on a new plant opening, expansion of an existing plant, a new warehousing facility, record production statistics, a merger, an acquisition, a major defense contract, a progress report on an industrial park, and a 12-year case history of a small machinery manufacturer.

Two common-sense rules that development groups should be careful to remember:

In all data submitted to the press include the name, telephone number, and address of someone who can answer questions about release material.

Learn the deadline requirements of publications and keep them in mind, both in sending out release material and in scheduling events for news coverage.



How Far Will a Letter Go?

A Federal Reserve bank survey of 78 senior executives of "blue chip" manufacturing companies investigated their receptivity to specific industrial promotion techniques.

The survey concluded that industrial executives tend to think direct-mail promotion, when handled correctly, is more useful than any other type of advertising. The most effective mailings are those sent to selected prospects who have already been personally contacted by the local development group.

Direct mail promotion can be an enormously effective way of getting the story of a community's potential across to industry executives. It also provides an important advantage—control. The percentage of response is measurable (and over 1 percent return is considered good), so the local group can determine how effective its direct mail campaign really is.

To be successful the letter writer should realize that he must understand the nature of the man whose attention he is seeking if his message is to capture the prospect's attention.

The industrial site-seeker is smart, fast-moving, highly practical, and incredibly busy. He is insulated from the outside not only by his secretary, but possibly by executive assistants as well.

In terms of direct mail, this means that promotional letters should be brief, should get to the point fast, should be as specific as possible, and should tell only enough to encourage further interest and action. A letter to a prospect can be signed by the mayor, city manager, or chairman of the board of supervisors, thereby indicating community as well as business support of industrial growth.

There are at least as many ways of writing a good industrial promotion note as there are people writing them, but three elements are often found in letters that elicit interest and lead to action. They are the "eyecatcher" at the beginning, "facts" in the middle, and an "offer" at the end.

● **THE EYECATCHER**—The first sentence needs to be an “eye-catcher,” emphasizing an important resource the community can provide the particular prospect.

Attention must be caught quickly to save the letter from consignment to the wastebasket.

A Pennsylvania development organization sent a pack of zinnia seeds out with a note that started off: “Everything grows well in southeastern Pennsylvania, ‘plants’ of all sizes.” Another group enclosed its letters in plain envelopes addressed in ink by a feminine hand and perfumed—this on the theory that no secretary would dare open a letter so disguised.

But cute or devious techniques may strike the wrong chord, and it is generally wiser to stick to a straightforward approach.

Probably the most effective lead touches on that most sensitive spot, the pocketbook. A short statement or question can immediately suggest corporate profits. Here are some examples:

“Why is one of your competitors in County?”

“A \$200-million market now awaits a certain electrical manufacturer . . . You?”

“If your net profit is now under 7 percent, read this.”

“We dare you to match City’s lower production costs against those of any three other locations.”

● **THE FACTS**—Once a letter has ignited curiosity, a few highly relevant facts should be added.

The key word here is **few**; if the first letter moves onto a second page, too much has been said, and the message is in trouble. Ordinarily it makes sense to highlight only prime

facts and figures on one or two location factors—markets, labor supply, sites, utilities, raw materials, water, transportation, living conditions—instead of trying to cram the whole location story on a single page. In all types of industrial promotion, talking quietly is better than shouting. Short, simple sentences move the message faster and further. And citing the endorsement of others is more effective than blowing one's own horn.

- **THE OFFER**—The basic purpose of direct mail is to get the reader to do something, and the last couple of sentences should describe just what he should do: Send for a brochure or other specially prepared material, fill out a checklist, attend a special meeting or conference, or just wait for a follow-up telephone call from the development committee.

One way of encouraging action is to enclose a self-addressed return postal card. That way, a highly pressured top executive need only mark a couple of boxes and sign his name to get the next installment of the promotional effort.

Before the local committee gets too sophisticated in its direct mail, it should remember that the basic strength of all such promotion is the honesty and directness of the letter itself. The following note was sent

to the assistant to the executive vice president of American Cyanamid in New York City:

My identity is immaterial except to say I am a teacher who is anxious to have good schools and sound education programs found only in communities where the tax burden is shared by industrial and residential tax income.

Having taught formerly in towns that pride themselves on being strictly residential, I am now teaching in Wayne Township where planning and goals are more farsighted. The results of this planning show up in the educational facilities you can offer your employees and their children. This is sent to you entirely on my own behalf, for it seems a shame that you must struggle to convince (another community) of the benefits of your expansion program. You would not have to convince Wayne. They will welcome you with open arms.

Good Luck,

LOUISE JOHNSON

Later, a New York Times business-page headline told what happened:

TEACHER LURES PLANT AS TAX AID

How Plea for School in Jersey Attracts Cyanamid to Town

How much is a well-written letter worth? In this case, the answer was between \$8 and \$10 million!

The Total Sell: Cooperate and Grow

The local industrial promotion group may be an Overall Economic Development Program committee in an area eligible for EDA program assistance, a local development corporation, an industrial commission, or a planning board. It may have 4 members or 40. But in terms of action, it will have only two choices: Go it alone, or go it together.

Going it alone probably won't work. Outmatched in budget, the community that's going it alone on a necessarily modest promotion program will almost unquestionably be swamped by the well-supported drives of the State development agencies, the utilities, the railroads, and the major metropolitan chambers of commerce.

The assistance offered by these organizations can be blended into a really cooperative "total sell" industrial promotion effort.

One of the most obvious, and yet somehow most overlooked, ways of doing this is simply by distributing factual materials to these and other "natural-ally" organizations which, in turn, can relay them to prospects.

This procedure makes sense because expanding companies usually first consider a larger geographic unit—a State or region—as a possible location, then focus on a specific community and site.

Cooperation in promotion works well whether it centers on nearby metropolitan areas, jumps State borders, or even spans oceans. Witness the Southern New Jersey Development Council, which shipped some 65 local business and community leaders off to Sweden, armed with a carefully prepared dossier of possible business agreements. The trip involved 3 months of advanced planning, and each member paid his own way. Officials on the "Mission to Sweden" catalogued results:

The most rewarding aspect of the entire trip was the generation of some 50 business deals. They break down in this manner: 18 Swedish firms were interested in the import and selling of their products in America; 12 Swedish firms were interested in the manufacture and distribution of Swedish products in this country; 16 firms were extremely interested in the export of U.S. products to Sweden; and a total of 8 companies indicated direct interest in the future construction of plant facilities in the United States. A cooperative venture that few participants could have embarked on singly resulted in a bright outlook for the creation of new jobs and increased production.

A look at some “natural-ally” groups will give some clues on finding help to plan, build, and sometimes even pay for the promotional effort.

THE ORGANIZATION

State development agency: Key industrial research, development, and promotion organization on the State level. Often the initial point of contact for major industrial inquirers.

Private utilities, rural electric cooperatives, railroads: Provide basic services for new or expanding industries. Most have industrial development departments.

Banks: Central local sources of financing. Excellent sources of general information, including tax rates, public facilities, and living conditions.

Construction, management consulting, and engineering firms: Often not only build or help design plants, but also advise and influence expanding companies seeking sites.

Research institutions, universities: Often have development-related research material, or will prepare it on request. Some have business development councils that know potential of individual communities.

HOW IT CAN HELP

Give advice based on years of analyzing communities and areas in the State. Services may include preparation of detailed brochures or providing matching promotional funds.

Aid in every step of promotion. Most utilities will help prepare fact sheets, site descriptions, community guides, and direct mail lists of industrial prospects, and will jointly call on prospects. Many help finance such activities.

Lend prestige to information they provide. Site-seeking companies tend to consider banks as solid sources for needed information.

Plug for a community if they have factual materials and know local development potential.

Provide valuable information and guidance in locating industrial prospects at nominal cost.



Handling the Inquiry

A northeastern industry development organization launched a vigorous direct mail campaign aimed at the presidents of 5,000 carefully selected manufacturing corporations across the United States. Close to 400 top executives requested further information, and more than 2 dozen of these asked the kind of tough, hard-nosed questions that suggest lively, immediate interest. Most exciting, three prospects disclosed they planned on-the-spot investigation in the near future.

What followed can best be described by a single word: Chaos. The "detailed material" offered in the mailing had somehow been held up at the printer; most of the specific questions were answered with warmhearted generalities of the "you-have-nothing-to-worry-about-everything's-grand" variety; a temporary shortage of clerical staff made it impossible to arrange suitable accommodations for the intended visitors; and, to top it all off, somebody leaked to the press the name of the bluest-chip inquiry of them all—followed by a prompt, public denial by the company's top officials.

Unfortunately, many development promotion programs at all levels end up like this with a half dozen harried men sitting in a room, looking at a table piled high with impatient inquiry letters and asking each other "What do we do now?"

If a community wants industry, it should be ready to service properly the scouts, agents, and diverse specialists that are the "advance men" for new or expanding firms. Here are the areas that must be covered by the local group responsible for handling inquiries:

BASIC DATA—Industrial site seekers almost never ask the easy questions: "Is this a nice place to live? Do the people work hard?" Instead, they want to know about far more specific matters such as the chemistry of the water supply, tax assessment ratios, and foundation subsoil characteristics. Questions like these deserve—and demand—careful, detailed answers.

Location factors that give greatest rise to questions from serious industrial inquirers are:

- Population and labor force
- Transportation and communications facilities
- Industrial power, fuel, and water
- Description of industrial sites and buildings including warehousing
- Raw materials
- Public services
- Government and local finances
- Taxes
- Living conditions (e.g. housing, recreation, shopping, medical facilities)
- Business climate.

To be able to answer detailed questions on each of these topics, a community needs a central fact book. The Overall Economic Development Program prepared by areas eligible for Economic Development Administration assistance can form the nucleus for such data. All information should be kept up-to-date and in a form ready for instant reference.

SOURCES—The community's general brochure may be helpful in stirring up initial interest, but it can't begin to satisfy the veteran site-seeker who wants authoritative, factual materials to bring back to the home office for study.

With a large budget and unlimited time, the development organization might perform research and collect economic data on its own. A more practical course is to secure needed information from other organizations and specialists both inside and outside the community. Thus the development organization's office becomes a "one-stop shopping center" of data and other materials from a great number of sources.

MATERIALS

Site descriptions, photos, and specifications

Aerial maps, industrial zoning data

Labor supply and characteristics

Transportation facilities and services

Power, fuel, and water rates and supply

Local and regional marketing information and supplier services

Business climate data

Basic economic data

SUGGESTED SOURCES

Railroad, private utility, electrical cooperative, industrial realtor

Planning or zoning board, mayor's office, State planning agency

State department of employment security, local union central body

All carriers

Various utilities

State and local chambers of commerce

Local chamber of commerce, manufacturers' associations

State economic development agency, State department of commerce, State and local chambers of commerce, nearest U.S. Department of Commerce field office

LOCAL CONTACTS—Visiting industry representatives will talk to the local development organization, but they'll talk to other people, too. They'll be particularly interested in learning if the community generally favors growth of new industry and commerce.

In some instances, the development organization will have acquainted local citizens with their community's economic needs and gained their support for economic goals through press stories, talks to local groups, industry appreciation days, radio and television newscasts and interviews, or economic development films.

This local support is especially important, because industrial representatives considering an area as a possible plant location take note of how fast they get appointments, what kind of a welcome they receive, and whether the answers provided

are consistent or a crazy-quilt of diverse opinions. These reactions are interpreted as tipoffs on local attitudes.

First inquiries to local groups should be promptly acknowledged. If members of a development organization are not able to answer an inquiry at once, they should immediately take steps to obtain the needed information. They also should inform the inquirer promptly of any possible delay.

ACCOMMODATIONS—Industrial site-seekers are people, too. They like comfortable beds, well-prepared meals, and clean hotel rooms. Very possibly they also enjoy golf, visits to museums, swimming, or a little fishing. This means that whether or not tourism figures prominently in the local economic development plan, certain tourist facilities may be important to the long-term future of a community's industrial development effort.

For example, when Lebanon, Pennsylvania, launched its own "bootstrap" effort, it started by forming a hotel corporation, raising \$750,000 from 1,600 local investors and establishing an 80-room, air-conditioned inn.

An investment of this size may be beyond the capacity of most development groups, but all of them should make certain they can provide good overnight accommodations and at least some recreational diversions for visiting site-seekers.

DISCRETION—Once development organization members gain a prospect's interest, they will be tempted to talk about it—particularly to the news media. Many a community group has done this and, in the process, won community praise—but lost the prospect.

There are good and sufficient reasons involving competition, supplier-customer relations, the cost of land, and much more behind a company's desire not to publicize its plans prematurely. Experienced developers know this and honor all company requests for confidential treatment. A well-organized instruction bulletin for chambers of commerce rated secrecy number one on a list of industrial development principles.

The importance business firms attach to secrecy is underscored by such methods of inquiry as this:

A major automotive products company considered locating a branch in a Maryland community. Instead of investigating in person, company officials chose an important industrial realty firm as their special agent. Yet even the agent's identity was kept top secret. He hired a local car so his own license plates couldn't be traced. He communicated with his principal only through two unlisted telephone numbers especially established for the purpose. Even after options on two pieces of property had been obtained, the name of neither the expanding company nor its consultant was known to the curious community.



John Steiner

Time—The Important Ingredient

Economic development is a long, arduous process. Each stage of this process must be thought out, planned, and put into action. The local organization must learn the economics of its area, analyze local resources, select prospects, reach them with promotional materials, answer their inquiries, prepare the community to receive them, and marshal all available "natural allies" to help sell the community.

After all this work, it might seem that the community's only remaining task is to sign up new companies as they rush in response to this promotional program. Usually, however, another element is needed—time.

As a veteran in the plant-attracting field has said: "Too many communities want quick, dramatic results; too few are willing to knuckle down for the long pull. Even once a corporation is interested in a new location, it may take from 1 to 3 years or even longer to iron out the details. Attracting new industry is, then, a continuous, painstaking, and often painful business."

The important element of time can be given over to frustration, or to unjust local criticism. Or it can be used to evaluate past actions, with constructive help from the public, and develop a host of new techniques for bringing in new enterprise. Retired businessmen in the community may be recruited to devote their leisure years to advising on promotional planning. A cooperative arrangement with neighboring

communities may be worked out, under which participating development groups can "trade off" prospects that might be right for one or more, but not quite right for others.

The time also can be used to experiment with the perplexing problem of the annual budget: How to do a big-business job with nickels and dimes. This may lead to a gradual shift in funds from big-space advertisements in national publications to the more nuts-and-bolts matters of staff, travel, telephone, and personal contact which, according to one State development director, should consume at least 80 percent of any yearly appropriation under \$40,000.

Finally, the time can be used in just plain hard work—hundreds of reminder telephone calls, letters, and meetings in which thousands of facts are patiently sifted and formed into a pattern progressing from "inquiry" to "lead" to "prospect" to "negotiation" to "plant established."

Will it work? The answer lies in the successful experience of scores of communities that have made this effort pay off in new industry, more jobs, and rising family incomes.

Industrial Development Checklist

A checklist is not a substitute for action—it should be both a guide and a goad to action. Only through an objective and thorough evaluation of their present development efforts can local leaders determine how effectively they are utilizing their potential for area growth.

The "Industrial Development Checklist" has been adapted from a publication of that name prepared by the Texas Industrial Commission.

This checklist can give community economic development leaders a point-by-point basis for evaluating their industrial development program. It is a starting point.

Each item in the list may suggest others that could serve as a further check to insure that the community is doing everything possible and using all available resources to attract new economic activity and create additional, permanent job opportunities.

COMMUNITY BETTERMENT: What type of community do you have? Is it ready for economic growth?

- ☐ Is the attitude of your citizens favorable to new industry?
- ☐ Does your local government provide good services?
- ☐ Are your police and fire departments adequate?
- ☐ Have businesses in the downtown area remodeled lately?
- ☐ Do you have an active chamber of commerce?
- ☐ Are you trying to beautify your community?
- ☐ Are health and sanitation facilities adequate?
- ☐ Do you have enough recreation facilities for different age groups?
- ☐ Do your streets need widening or repaving?
- ☐ Is adequate housing available for different income groups?
- ☐ Does your community have a long-range master plan for its physical growth?
- ☐ Does your community have an effective zoning ordinance?
- ☐ Is your city's bonded indebtedness in line with the assessed valuation?
- ☐ Are your educational facilities adequate?
- ☐ Is your school system providing a complete curriculum?

RESEARCH AND ANALYSIS: What facts do you have about your community and its economic base?

- ☐ Have you prepared a fact book for instant reference in replying to questions raised by industrial or other business prospects?
- ☐ Do you have basic data about your community including information on the following?:
 - ☐ *General description of your community*
 - ☐ *Living conditions*
 - ☐ *Business and industries*
 - ☐ *Transportation*
 - ☐ *Taxation and indebtedness*
 - ☐ *Laws and regulations concerning industry*
 - ☐ *Market potential*
 - ☐ *Labor supply*
 - ☐ *Raw materials and natural resources*
 - ☐ *Climate.*
- ☐ Have you checked the possibility of having a professional economic and industrial survey made?
- ☐ Do you have all the facts and figures it takes to sell your community to a prospect?
- ☐ Do you have the data in a practical form for presentation and reference?
- ☐ Are the members of your industrial committee familiar with this information?
- ☐ Is the information up-to-date and accurate?

INDUSTRIAL SITES AND BUILDINGS: Do you have some place to put an industry?

- ☐ Is there industrial property available in your community?
- ☐ Is this property specifically planned for industry?
- ☐ Do you have a firm price commitment from the property owner?
- ☐ Will the land be sold, leased, or given away?
- ☐ Are utilities available on each site?:
 - ☐ *Electricity*
 - ☐ *Natural gas*
 - ☐ *Sewerage*
 - ☐ *Water.*
- ☐ If utilities are not now available, can they be extended to the property economically?
- ☐ If the utilities can be extended, who will pay for the extension?
- ☐ Is there a paved access road to the site?
- ☐ How near is the site to a highway?
- ☐ What other transportation facilities serve the site?
- ☐ Are soil conditions on the property suitable for construction?
- ☐ Will the site drain properly?
- ☐ Is there a possibility of the site flooding?
- ☐ Will there be additional expense for grading, clearing and other improvements?
- ☐ Are the property lines well defined and staked off?
- ☐ Do you have a detailed fact sheet prepared on each of your sites?
- ☐ Do you have aerial photographs of each site?
- ☐ Do you have a topographical map of each site?
- ☐ Do you have a sign on the property designating it as an industrial site?
- ☐ Have you taken a detailed inventory of all vacant buildings that are available for industrial use?

PROMOTING AND PROSPECTING: Do you know how to find industries that are looking for a location?

- ☐ Have you contacted all your existing industries and offered them your assistance?
- ☐ Have you done everything possible to help your existing industries grow and expand?
- ☐ Have you contacted industries in your State that have growth potential?
- ☐ Have you provided a systematic program to give people with ideas for manufacturing operations a chance to explain their plans?
- ☐ Have you tried to help the people with good ideas establish an operation?
- ☐ Do you have a copy of your State's directory of manufacturers?
- ☐ Have you discussed locating industrial prospects with those of your allies that have industrial development departments?:
 - ☐ *Electric utilities company*
 - ☐ *Gas company*
 - ☐ *Telephone company*
 - ☐ *Railroad*
 - ☐ *Area chamber of commerce*
 - ☐ *Banks*

- ☐ Do you know the professional industrial development personnel associated with your allies?
- ☐ Do you contact them on a regular schedule to inform them of your progress and to see if they have a prospect to fit into your local situation?
- ☐ Have you invited them to your community in the last year?
- ☐ Have you provided your State's economic development agency with copies of all your publications and brochures?
- ☐ Do you have access to publications that will give you pertinent information about any prospect you may locate?
- ☐ Do you have a source to provide credit rating reports on your prospects?
- ☐ Have you made your citizens aware of industrial development so they will pass hints of new plant locations on to you?
- ☐ Do you have trained men capable of calling on a prospect and providing him with the information he needs to make a decision on a plant location?
- ☐ Have you convinced your citizens that industrial development is a long-range program and that results cannot be expected in a short period?
- ☐ Have you explored other fields of economic development such as agriculture and tourism to see if your organization can help in the growth of these activities?

**COMMUNITY FINANCING: Do you have money available
for industrial purposes?**

- ☐ Have you organized an industrial foundation or other organization to help finance development projects?
- ☐ Do you have a working knowledge of the following financing facilities?:
 - ☐ *Commercial banks*
 - ☐ *Mortgage banks*
 - ☐ *Insurance companies*
 - ☐ *Pension funds*
 - ☐ *College and university endowments*
- ☐ Do you know about financing programs offered by your State and by agencies of the Federal Government?
- ☐ Have you fully explored and developed all possible sources of risk capital (for prospect reference) in your area?

PENN STATE UNIVERSITY LIBRARIES



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